REMARKS

Claims 1-24 are pending in this application. For purposes of expedition, claims 1-24 have been amended in several particulars for purposes of clarity and brevity that are unrelated to patentability and prior art rejections in accordance with current Office policy, to further and alternatively define Applicants' disclosed invention and to assist the Examiner to expedite compact prosecution of the instant application.

Claims 1-24 have been rejected under 35 U.S.C. §103 as being unpatentable over Witschorik, U.S. Patent No. 6,131,718, as modified to incorporate selected features from Theodore-George, WO 00/05688 for reasons stated on pages 2-7 of the Office Action (Paper No. 7). Specifically, the Examiner asserts that Witschorik '718 discloses all features of Applicants' claims 1-24, except for the use of "a bank note transfer route for transferring the currency bill for processing" which is allegedly disclosed by Theodore-George '688. However, the Examiner's assertion is factually incorrect. As a primary reference, Witschorik '718 does **not** disclose features the Examiner alleges. As a result, Applicants respectfully traverse the rejection and request that the rejection be withdrawn for reasons discussed herein below.

First of all, base claims 1, 11, 19, 23 and 23 have been amended to clearly establish the relationship between an <u>automatic processing apparatus</u> 10 and a <u>host computer</u> 30, as shown in FIG. 1, FIG. 2 and FIG. 3, and define the role of the host computer 30 as performing <u>a validation process to determine the denomination and the true/false money</u>, as shown in block 71, FIG. 3, in order to clearly distinguish over Witschorik '718 and Theodore-George '688.

For example, base claims defines a host computer as independent from an

automatic processing apparatus and comprising:

> a validating unit for executing a discrimination process to
> <u>determine a denomination of the bank note and of true and false
> money by using the feature data transferred from said automatic
> processing apparatus</u>; and
> a second communication unit for <u>transferring a result of the
> discrimination process from said validating unit to said automatic
> processing apparatus</u>.

Similarly, base claims 11 and 19 (alternatively, claims 23-24, as amended)

define a communication unit of an automatic processing apparatus "for transferring

feature data obtained with said reading unit to said host computer, and for <u>receiving</u>

<u>a result of validation including determination of denomination of the bank note and of</u>

<u>true and false money transferred from said host computer</u>" and a control unit of an

automatic processing apparatus "for confirming whether the feature data is correct,

based on said result of validation."

These features of Applicants' base claims 1, 11, 19, 23 and 24 are **not**

disclosed or suggested anywhere in either Witschorik '718 or Theodore-George '688.

This is because, as a primary reference, Witschorik '718 only discloses a security

system, as shown in FIG. 1, for detecting counterfeit currency in which security data

encoded on a currency bill is compared with pre-stored security data in order to

authenticate the currency during commercial transactions. If the comparison is true,

the security data is dynamically updated and the currency is validated. However, if

the comparison is false, the security data is invalidated and the currency is rejected.

A currency scanning terminal 50 installed at a currency exchange location

such as a store or a bank, is used to scan a currency bill 20, read security data

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encoded thereon, and transmit the same, via a communication link, to a programmable security computer 30. The security data can include currency bill's serial number and a corresponding security code number, such that each bill is doubly-encoded and the security data is preferably magnetically encoded on a magnetic medium, such as a strip or disk, affixed to the bill, or a magnetic thread or the like.

The security computer 30 responds to receipt of the security data by comparing the transmitted security data with the security data stored in the data storage 120 and generating a comparison result. If the comparison result is true, the security computer 30 calculates an updated security code, stores the updated security code in the data sore, and transmits the updated security code to the currency scanning terminal 50. For example, if the currency bill is double encoded with the currency bill's serial number and a corresponding security code number, a new security code number is randomly generated by the security computer 30 and associated with the existing serial number. Following receipt of the updated security data, the currency scanning terminal writes the data to the currency bill and generates a validation message indicating that the bill is authentic. If the comparison result is false, the security computer 30 invalidates the currency bill in the data store and transmits a rejection code to the currency scanning terminal. The rejection code is written to the currency bill and a rejection message is generated indicating that the bill is not authentic.

As clearly demonstrated by Witschorik '718, the security computer 30 does not, and is not intended to have any type of validating unit that executes the discrimination process to determine denomination of the bank note and of true and

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false money such that the discrimination result is transmitted to the automatic processing apparatus, as expressly defined in each of Applicants' base claims 1, 11, 19, 23 and 24.

As previously discussed, the security computer 30 is only intended to compare the security data received from the currency scanning terminal 50 with security data stored in its internal data storage 120 in order to generate a comparison result. Again, in Witschorik '718, if the currency bill is doubly encoded with the currency bill's serial number and a corresponding security code number, a new security code number is randomly generated by the security computer 30 and associated with the existing serial number. Following receipt of the updated security data, the currency scanning terminal 50 writes the data to the currency bill and generates a validation message indicating that the bill is authentic. However, if the comparison result is false, the security computer 30 invalidates the currency bill in the data storage 120 and transmits a rejection code to the currency scanning terminal 50. The rejection code is written to the currency bill and a rejection message is generated indicating that the bill is not authentic.

As a secondary reference, Theodore-George '688 does **not** and **cannot** remedy the noted deficiencies of Witschorik '718 in order to arrive at Applicants' base claims 1, 11, 19, 23 and 24. This is because Theodore-George '688 is only cited for disclosing the use of "a bank note transfer route for transferring the currency bill for processing". As a result, even if Theodore-George '688 is incorporated into Witschorik '718 in the manner suggested by the Examiner, the proposed incorporation still does not arrive at Applicants' claims 1, 11, 19, 23 and 24.

In order to establish a *prima facie* case of obviousness under 35 U.S.C. §103, the Examiner must show that the prior art reference (or references when combined) must teach or suggest all the claim limitations, and that there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skilled in the art, to modify the reference or to combine reference teachings, provided with a reasonable expectation of success, in order to arrive at the Applicants' claimed invention. The requisite motivation must stem from some teaching or suggestion to make the claimed combination must be found in the prior art, and **not** based on Applicants' disclosure. In re Vaeck, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991). See MPEP 2143. In other words, all the claim limitations must be disclosed or suggested by the prior art. In re Royka, 490 F.2d 981, 180 USPQ 580 (CCPA 1974). Moreover, any deficiencies in the cited references cannot be remedied with conclusions about what is "basic knowledge" or "common knowledge". See In re Lee, 61 USPQ 2d 1430 (Fed. Cir. 2002).

In the present situation, Witschorik '718 and Theodore-George '688 fail to disclose and suggest key features of Applicants' base claims 1, 11, 19, 23 and 24. Therefore, Applicants respectfully request that the rejection of claims 1-24 be withdrawn.

In view of the foregoing amendments, arguments and remarks, all claims are deemed to be allowable and this application is believed to be in condition to be passed to issue. Should any questions remain unresolved, the Examiner is requested to telephone Applicants' attorney at the Washington DC area office at (703) 312-6600.

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INTERVIEW:

In the interest of expediting prosecution of the present application, Applicants respectfully request that an Examiner interview be scheduled and conducted. In accordance with such interview request, Applicants respectfully request that the Examiner, after review of the present Amendment, contact the undersigned local Washington, D.C. area attorney at the local Washington, D.C. telephone number (703) 312-6600 for scheduling an Examiner interview, or alternatively, refrain from issuing a further action in the above-identified application as the undersigned attorneys will be telephoning the Examiner shortly after the filing date of this Amendment in order to schedule an Examiner interview. Applicants thank the Examiner in advance for such considerations. In the event that this Amendment, in and of itself, is sufficient to place the application in condition for allowance, no Examiner interview may be necessary.

To the extent necessary, Applicants petition for an extension of time under 37 CFR §1.136. Please charge any shortage of fees due in connection with the filing of this paper, including extension of time fees, to the Deposit Account of Antonelli, Terry, Stout & Kraus, No. 01-2135 (Application No. 520.40264X00), and please credit any excess fees to said deposit account.

Respectfully submitted,
ANTONELLI, TERRY, STOUT & KRAUS, LLP

By _____
Hung H. Bui (Reg. No. 40,415)
Attorney for Applicant(s)

HHB:btd
Tel.: (703) 312-6600
Fax: (703) 312-6666